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USAID (GLOBAL HEALTH AND AFR)

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SUBJECT: NIGERIA'S RESPONSE TO GLOBAL FUND CUTS

REF: ABUJA 2410

1. Summary. The Global Fund To Fight AIDS, Tuberculosis, and Malaria canceled on April 28 the funding of two five-year Nigeria HIV grants totaling \$81 million. The Fund did so because of "inadequate performance" by the Fund's principal recipient in Nigeria, the National Action Committee on AIDS (NACA), and the failure of the Nigeria Country Coordinating Mechanism (CCM) to conform to Global Fund standards. Nigeria's ARV program was supposed to have 14,000 people on treatment by the end of the program's first year, but the actual number was zero. Nigeria was supposed to have 24,000 people on treatment by the end of the program's seventh quarter, but the actual number was 6,865. The USG, the Global Fund, and UNAIDS have made specific recommendations since 2004 on improvements to comply with Global Fund requirements. The Fund's Nigeria CCM dissolved itself on May 8, 2006, and on May 22 elections were held to select representatives of six civil-society constituencies to create a new CCM. The USG Nigeria team continues meeting with the GON and NACA to detail how they can improve their performance. End summary.

2. After only two years, the Global Fund To Fight AIDS, Tuberculosis, and Malaria programs in Nigeria canceled on April 28 two five-year HIV grants to Nigeria totaling \$81 million. The Fund cited "inadequate performance" by the Fund's principal recipient in Nigeria, the National Action Committee on AIDS (NACA), and the failure of the Nigeria Country Coordinating Mechanism (CCM) to conform to Global Fund standards. According to the Fund's Secretariat, lapses in Nigeria's HIV/AIDS program included failures to meet multiple targets, and disbursing funds at a much lower rate than intended. Nigeria's anti-retroviral (ARV) program was supposed to have 14,000 people on treatment by the end of the program's first year, but the actual number was zero. Nigeria was supposed to have 24,000 people on treatment by the end of the program's seventh quarter, but the actual number was 6,865.

#### Significant Program Failures

3. Further, NACA provided "questionable data" to the Fund, reporting the numbers of people receiving treatment who instead turned out to be the numbers of people who could have been treated if all the drugs sent to health facilities had been used. Nigeria's HIV/AIDS program spent money on "inappropriate activities," including foreign travel. Additionally, Nigeria's CCM failed to acknowledge or report many of these problems or to reform the CCM as promised. The multi-sectoral CCM develops and submits grant proposals to the Global Fund. Once a grant is approved, the CCM oversees the progress in the programs financed by the grant.

4. Nigerians currently receiving ARV treatment under the canceled grants will continue to have their care paid by the Fund for up to two years while alternatives are pursued. The Fund approved Nigeria for a major ARV grant worth more than \$180 million -- but which likely will be administered by a different principal recipient once the grant agreement is signed.

#### Previous U.S., Global Fund efforts to aid the GON

5. Nigeria consistently failed to restructure its CCM to create a more efficient and transparent body, and to provide adequate oversight over NACA, the primary recipient. The USG is a member of the CCM and first became concerned in July 2004 about the lack of progress of Global Fund Round One HIV/AIDS grants. At that time, the USG worked with UNAIDS to arrange for a consultant to assist the CCM to reform. The consultant's report listed concrete recommendations that the USG endorsed.

6. The Government of Nigeria (GON) implemented none of these reforms by February 2005, when the USG team again became concerned about the lack of progress toward benchmarks. As chair of the Donor Coordination Group, the USG invited the CCM Secretariat to inform donors of the situation and to

discuss the likelihood of achieving targets before the Phase Two renewal process began. At that time, the CCM Secretariat was unwilling to discuss candidly with donors

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the status of the program.

17. The USG held follow-up meetings with NACA, the principal recipient of Nigeria's Round One Global Fund grants, and with Nigeria's Ministry of Health (MOH), the principal sub-recipient. They informed the USG that while these programs got off to a very slow start, they were making every effort to accelerate progress before the May 2005 deadline. The USG offered its support to NACA and the MOH to achieve results. The MOH requested assistance in drug procurement and logistics, which the USG continues to provide. NACA requested and is receiving support in monitoring and evaluation, especially in developing an ARV patient-monitoring and patient-management system.

18. The USG is a key member of the Country Implementation Support Team (CIST) created in October 2005 to coordinate multilateral and bilateral support to Global Fund programs in Nigeria. The CIST assessed the situation and created a coordinated donor support body to help the CCM and NACA correct their shortcomings.

19. The Global Fund cited numerous deficiencies to NACA in October 2005, warning that a second phase of funding could be suspended. The USG then met with representatives of bilateral and multilateral agencies. While the USG concluded in November 2005 that NACA had made some progress, it found the CCM had not made significant progress in adopting recommended reforms. The CCM requested and received the Global Fund's support to develop a plan to reorganize the CCM by the end of May 2006. This was a prerequisite to sign Round Five tuberculosis and HIV/AIDS grants worth more than \$200 million. The USG reviewed the Global Fund consultant's preliminary report and agreed with all of its recommendations. The CCM, however, failed to adopt or implement the consultant's recommendations, resulting in the Global Fund's canceling the \$81 million in grants.

Next steps  
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10. The USG Nigeria team continues to meet with the GON and NACA to specify what they must achieve to comply with Global Fund accountability requirements. The GON must demonstrate the will to change drastically its management of these Global Fund programs in Nigeria. The first steps occurred on May 8 when the CCM dissolved itself and put in place an interim CCM (ICCM) with the mandate to hold elections to choose new CCM members. With the support of the CIST, new election procedures were put in place, and the bilateral and multilateral partners held elections under an official observer, then reported back to the ICCM. On May 22, representatives of six CCM constituencies were elected with the assistance of a facilitator and an observer; elections of representatives of about one third of other CCM constituencies remain pending. The USG was represented as a facilitator and an observer and determined that these elections were carried out acceptably. The ICCM planned to hold a Global Fund orientation and the first meeting of the new CCM on May 23-24. These activities were delayed following UNAIDS' suggestion that they instead take place in early June with technical assistance from UNAIDS and the Global Fund.

11. The CCM is required to meet by the end of June the deadline for the Global Fund's Malaria Phase II renewals, as well as for the selection and confirmation of the Round Five principal recipient. The USG Nigeria team continues to monitor and participate in these processes to increase accountability and strengthen the operations of Global Fund recipients in Nigeria.

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